

Message Text

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R 151643Z SEP 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1876

C O N F I D E N T I A L SECTION 1 OF 3 MTN GENEVA 7138

H PASS CODEL

FOLLOWING SENT ACTION DEPT SEP 10 REPEATED FOR YOUR ACTION

QUOTE

PASS DON KELLY FOR DISTRIBUTION FOR MONDAY MEETING

E.O. 11652: GDS

TAGS: MTN, ETRD, GATT

SUBJECT: U.S. STRATEGY FOR EXCEPTIONS

WE THINK EFFORTS TO DEFINE A WORKABLE EXCEPTIONS
STRATEGY HAVE BROUGHT US TO A POINT WHERE WE SHOULD TRY
TO CONSOLIDATE THE IDEAS AND SUGGESTIONS THAT HAVE BEEN
MADE SO FAR. THERE IS ENOUGH SIMILARITY AMONG THE
ALTERNATIVE PROPOSALS TO ATTEMPT A SYNTHESIS. DIFFERENCES
AMONG THE PROPOSALS AT THIS POINT SEEM TO US MORE A
FUNCTION OF "PACKAGING" THAN OF PURPOSE.

A. ESSENTIAL ROLE OF BILATERAL BARGAINING ON TARIFFS.

1. PARTICIPANTS IN THE TOKYO ROUND CLEARLY RECOGNIZE

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THAT CONDUCTING NEGOTIATIONS ON THE BASIS OF AN ACROSS-

THE-BOARD TARIFF-CUTTING FORMULA DOESN'T REMOVE THE NEED TO ENTER SERIOUS BILATERAL NEGOTIATIONS ON MFN TARIFF REDUCTIONS. NOR IS IT BELIEVED THAT ADOPTION OF A TARIFF FORMULA TO WHICH EVEN BORDERLINE COUNTRIES (E.G., AUSTRALIA) ADHERE WILL LEAD TO A NONCONTENTIOUS BILATERAL PHASE WHICH CAN BE WRAPPED UP QUICKLY.

2. NEGOTIATIONS WITH NONFORMULA PARTICIPANTS, A GROUP WHICH COULD WELL INCLUDE AUSTRALIA AND NEW ZEALAND IN ADDITION TO 80 ODD LDCS, WILL BE ALMOST EXCLUSIVELY BILATERAL. WHILE LDC REQUESTS MAY BE marginally reduced because of formula application by DCS, ALL DC REQUESTS OF LDCS MUST BE TABLED AND NEGOTIATED BILATERALLY. WITH REGARD TO THE MAJOR FORMULA PARTICIPANTS, WE HAVE HAD NO INDICATION THAT THEY ARE THINKING OF THE TARIFF FORMULA AS SOMETHING MORE BINDING THAN THE KENNEDY ROUND WORKING HYPOTHESIS OF 50 PERCENT. WHILE THIS MAY NOT PRECLUDE KEEPING THE ULTIMATE NUMBER OF LESS-THAN-FORMULA REDUCTIONS BELOW THE KR LEVEL, IT IS GOING TO TAKE A CONCERTED BILATERAL EFFORT TO ACHIEVE THAT AIM.

3. ON THE OTHER HAND, IT IS ESSENTIAL TO ARRIVE AT THE BILATERAL PHASE HAVING ACHIEVED AGREEMENT ON A FORMULA. AN EFFORT AIMED AT DISPENSING WITH THIS MULTILATERAL COMMITMENT WOULD CERTAINLY PRECIPITATE A DELAY IN THE NEGOTIATIONS, IF NOT DISABLE THEM PERMANENTLY.

4. EXCEPTIONS PROCEDURES ARE THE BRIDGE WHICH TAKE THE PARTICIPANTS FROM THE MULTILATERAL TO THE BILATERAL PHASE ON TARIFFS. DURING THIS TRANSITION PHASE, THE MAJOR PARTICIPANTS ARE TELLING THEIR TRADING PARTNERS (1) WHICH ITEMS IN THEIR TARIFF SCHEDULES ARE NONNEGOTIABLE FOR COMPELLING REASONS OF NATIONAL SECURITY, CURRENT IMPORT-RELATED INJURY, ETC.;

(2) WHICH ITEMS CAN UNDERGO FULL FORMULA REDUCTIONS WITHOUT NEED FOR FURTHER DETAILED NEGOTIATIONS; AND

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(3) WHICH ITEMS MIGHT BE SUBJECT TO FULL OR PARTIAL REDUCTIONS IF THE OFFERS OF OTHER PARTICIPANTS MAKE THIS POSSIBLE. ACCORDINGLY, EVEN THOUGH THE MULTILATERAL EXCEPTIONS EXERCISE IS NOT A SUBSTANTIVE PHASE OF NEGOTIATION, IT SHOULD PROVIDE A CONSTRUCTIVE LINK TO THE CRITICAL BILATERAL NEGOTIATIONS WHICH WILL FOLLOW.

B. U.S. OBJECTIVES ON TARIFFS.

1. IT IS GENERALLY ACKNOWLEDGED THAT THE UNITED STATES WILL ENTER THE BILATERAL BARGAINING PHASE WITH A FAR GREATER NUMBER OF SPECIFIC OBJECTIVES FOR THE TARIFF ASPECT OF THE NEGOTIATIONS THAN IT HAS HAD IN ANY PREVIOUS GATT ROUND. IT IS ALSO PREDICTED THAT SECURING THESE CONCESSIONS WILL BE AN EVEN MORE EXACTING NEGOTIATING TASK THAN WAS ENCOUNTERED DURING THE KENNEDY ROUND. WHEREAS EMPHASIS IN THE LAST ROUND WAS PLACED ON ACHIEVING A REASONABLY BALANCED PACKAGE OF TARIFF CUTS, WITHOUT CRITICAL REGARD TO THE ELEMENTS THAT COMPRISED THE PACKAGE, THE UNITED STATES WILL FIND IT DIFFICULT TO ACCEPT AN OUTCOME WHICH LACKS FOREIGN CONCESSIONS ON SEVERAL KEY ITEMS (ESPECIALLY IF THE MISSING ITEMS ARE CONCENTRATED IN PARTICULAR SECTORS).

2. THE ENHANCED ROLE WHICH BARGAINING ON PARTICULAR TARIFF CONCESSIONS WILL PLAY HAS LED TO A SEARCH FOR AN EXCEPTIONS STRATEGY WHICH WILL FACILITATE THE UNITED STATES ESCAPING THE CONSEQUENCES OF THE ROLE OF DEMANDEUR IN THE NEGOTIATIONS. WE ARE SEEKING A STRATEGY WHICH WILL ALLOW US TO ENTER THE BILATERAL BARGAINING PHASE ON EQUAL TERMS WITH OTHER FORMULA COUNTRIES, I.E., BEING IN A POSITION TO DICKER SUCCESSFULLY FOR IMPROVEMENTS IN FOREIGN OFFERS, BUT WITHOUT LOSING THE CAPACITY TO PROVIDE MEANINGFUL (POLITICAL) LEADERSHIP WHEN EVENTS DICTATE.

C. COMPOSITION OF INITIAL U.S. EXCEPTIONS LIST.

1. IT IS GENERALLY AGREED THAT THE UNITED STATES COULD NOT TABLE AN EXTENSIVE EXCEPTIONS LIST WITHOUT CONFIDENTIAL

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JEOPARDIZING ITS ABILITY TO PROVIDE LEBVNYDXWP. WE RECOGNIZE THAT JAPAN AND POSSIBLY CANADA MAY TABLE EXTENSIVE LISTS BUT WE DO NOT FORESEE THIS CAUSING A SERIOUS CRISIS IN THE NEGOTIATION. IF THE UNITED STATES FOLLOWED THIS COURSE, HOWEVER, OUR CREDIBILITY WOULD BE SERIOUSLY UNDERMINED AND OUR ABILITY TO RETARD SLIPPAGE AWAY FROM AMBITIOUS LIBERALIZATION, BOTH IN TARIFFS AND NTMS, WOULD BE WEAKENED.

2. A MORE ATTRACTIVE MEANS OF RETAINING NEGOTIATING LEVERAGE IN THE TARIFFS AREA IS THE TABLING OF A "BARE MINIMUM" EXCEPTIONS LIST, ACCOMPANIED BY A POSITIVE OFFER LIST WHICH LEAVES INDEFINITE THE ACTUAL PERCENTAGE DUTY REDUCTION WHICH THE UNITED STATES IS WILLING TO UNDERTAKE ON A LARGER

NUMBER OF TARIFF ITEMS. THESE INDEFINITE OFFERS HAVE BEEN CALLED BOTH A "GRAY LIST" OR A "TO BE SPECIFIED LATER" OFFER LIST. THE EUROPEAN COMMUNITY TABLED SUCH A LIST IN THE KENNEDY ROUND, AND ALTHOUGH THEIR LIST WAS USED PRIMARILY AS A MEANS OF FORCING SECTORAL NEGOTIATIONS IN CHEMICALS, ETC., ITS BROADER PURPOSE WAS SIMILAR TO WHAT THE UNITED STATES WOULD SEEK TO ACHIEVE WITH ITS MTN EXCEPTIONS STRATEGY. PROVIDED THAT THE SCOPE OF OUR INDEFINITE OFFERS DOES NOT EXCEED WHAT WE WOULD VIEW AS A REASONABLE EXCEPTIONS LIST IF TABLED BY THE EC OR JAPAN, OUR OWN CREDIBILITY IS NOT LIKELY TO BE IMPAIRED.

3. AN ESPECIALLY IMPORTANT PROPERTY OF A LIST OF INDEFINITE OFFERS IS THAT IT CAN BE "PACKAGED" FOR PRESENTATION AS A SERIES OF OFFERS, NOT AS A LIST OF ADDITIONAL EXCEPTIONS. IN THIS WAY WE COMMUNICATE SIMULTANEOUSLY TO OUR PRIVATE SECTOR ADVISORS AND TO OUR TRADING PARTNERS THAT THE U.S. DELEGATION HAS A MANDATE TO MAKE A VERY LIBERAL OFFER; THAT WE HAVE USED "MAXIMUM RESTRAINT TO MINIMIZE EXCEPTIONS;" BUT THAT OUR EFFORTS MUST BE RECIPROCATED IN FULL MEASURE BY OUR TRADING PARTNERS IF A MAXIMUM OFFER IS TO MATERIALIZE.

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4. SEVERAL SPECIFIC CRITERIA HAVE BEEN SUGGESTED (I.E., DISPARITY ITEMS, TARIFF-NTM LINKED OFFERS, ETC.), FOR CHOOSING ITEMS TO PLACE ON A "GRAY" LIST. IT IS OVER THESE CRITERIA THAT THE MOST IMPORTANT DIFFERENCES OF OPINION SEEM TO HAVE ARISEN.

5. IT MAY NOT NOW BE PRACTICABLE TO TRY TO RESOLVE THESE DIFFERENCES. SINCE POSITIONS ON INCLUSION OR EXCLUSION OF CERTAIN TYPES OF POTENTIAL "GRAY LIST" ITEMS SEEM SENSITIVE TO THE ACTUAL NUMBER (AND TRADE COVERAGE) OF ITEMS THAT WOULD BE INVOLVED IF A PARTICULAR CRITERION WERE USED, IT WOULD BE LOGICAL TO FIRST DETERMINE THE SIZE OF THE UNIVERSE ENCOMPASSED UNDER EACH CRITERIA, AND THEN MAKE A CHOICE AMONG POTENTIAL CRITERIA.

6. THE CONCEPT OF USING THE INDEFINITE OFFERS APPROACH AS A BARGAINING LEVER HAS NOT BEEN ACCEPTED WITHOUT RESERVATION. SOME ARGUE THAT IT WILL BE EXTREMELY DIFFICULT FOR THE INTERAGENCY PROCESS TO MANAGE A "GRAY LIST" OVER THE COURSE OF PROLONGED BILATERAL NEGOTIATION. AN INDEFINITE OFFER WOULD

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SIGNAL TO PRIVATE SECTOR ADVISORS THAT AN ITEM MIGHT BE MOVED TO THE EXCEPTIONS LIST OVER THE COURSE OF NEGOTIATION, LEADING THE ADVISORS TO EXERT, DIRECTLY AND THROUGH CONGRESS, MAXIMUM PRESSURE TO HAVE "GRAY" ITEMS BECOME FULL EXCEPTIONS. SINCE THE INTERAGENCY MECHANISM MAY NOT BE ABLE TO EFFECTIVELY MANAGE THE INDEFINITE OFFERS APPROACH (I.E. INCREMENTALLY GIVE SPECIFICITY TO ITEMS ON THE "GRAY" LIST) WHILE SUBJECT TO THIS PRESSURE, THE STRATEGY MIGHT COME TO NAUGHT. ALTERNATIVELY, THE ADVISORS MAY TRY TO FORCE THE ADMINISTRATION TO PLACE SPECIFIC CONDITIONS (I.E. FOREIGN CONCESSIONS WE ARE UNLIKELY TO ACHIEVE) ON THE UNITED STATES MAKING OFFERS ON "GRAY" ITEMS. IF THEY SUCCEED, THE STRATEGY IS AT LEAST PARTIALLY CRIPPLED.

7. OFFERED BY SOME AS AN ALTERNATIVE IS SOMETHING REFERRED TO AS THE "REVISED OFFER" APPROACH. THIS APPROACH CALLS FOR A MAXIMUM U.S. OFFER AT THE OUTSET, WITH AN INTENT TO WITHDRAW OFFERS RATHER QUICKLY IF THE CONTENT OF FOREIGN EXCEPTIONS LISTS SO DICTATE. RECOGNIZING THAT THE FORMALIZED "WITHDRAWAL" STRATEGY OF THE KR CAME TOO LATE IN THE DAY, PROPONENTS OF A "REVISED OFFER" STRATEGY ARGUE THAT

THE UNITED STATES COULD "REVISE" ITS MAXIMUM OFFER SOON AFTER DETERMINING HOW FAR SHORT OF A BALANCED PACKAGE IT HAS WITH EACH OF ITS TRADING PARTNERS AS A RESULT OF THEIR EXCEPTIONS. A REVISED OFFER COULD BE TABLED IMMEDIATELY AFTER A CONFRONTATION AND JUSTIFICATION EXERCISE AND WE WOULD THEREBY AVOID HAVING TO UNDERGO MULTILATERAL SCRUTINY OF A "GRAY" LIST. THE REASON GIVEN FOR REVISION OF OUR INITIAL OFFER WOULD BE THE LACK OF RECIPROCAL OFFERS. FURTHER, BY HAVING POTENTIAL CONCESSIONS AVAILABLE FOR READDITION TO THE U.S. OFFER, WE AVOID THE KR SITUATION OF HAVING NO POSITIVE RESPONSES FOR INCREMENTAL IMPROVEMENTS IN FOREIGN OFFERS. MOST DOUBT, HOWEVER, THAT FOREIGN EXCEPTIONS LISTS WILL BE PRESENTED IN A MANNER THAT WOULD JUSTIFY THE UNITED STATES MAKING WITHDRAWALS EARLY IN THE DAY. FROM A BUREAUCRATIC MANAGEMENT STANDPOINT, FOREIGN

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ACTIONS WOULD HAVE TO BE HIGHLY PROVOCATIVE TO TRIGGER A "REVISED OFFER" BY THE UNITED STATES. IT WOULD BE ARGUED THAT BY TAKING THIS ACTION WE WOULD RISK A STAMPEDE BY OUR TRADING PARTNERS TO CALL IT QUILTS AT THIS LESS LIBERALIZING, BUT BALANCED LEVEL OF CONCESSIONS. ADDITIONALLY, KNOWING HOW MUCH THE U.S. WITHDRAWAL SHOULD BE BECOMES DIFFICULT TO THE EXTENT NTM GOALS ARE MINGLED WITH TARIFF REDUCTIONS AS OBJECTIVES WE SEEK TO ACCOMPLISH, AT LEAST PARTIALLY, IN THE TARIFF NEGOTIATIONS.

D. MULTILATERAL PROCEDURES AND RULES.

1. THE ATTRACTIVENESS OF VERY SPECIFIC INTERNATIONAL RULES AND PROCEDURES HAS SEEMED TO DIMINISH IN MOST MINDS. THE MORE TIME WE SPEND IN THE MULTILATERAL PHASE OF THE NEGOTIATIONS, THE CLEARER IT BECOMES THAT THE HEART OF THE NEGOTIATIONS LIES IN THE BILATERAL PHASE. ENTERING THAT PHASE CAN ONLY BE DELAYED, POSSIBLY SUBSTANTIALLY, BY AN ATTEMPT TO AGREE ON BINDING RULES FOR THE EXCEPTIONS EXERCISE. WHILE SUCH A DELAY MIGHT MAKE SENSE IF IT WERE LIKELY TO SIGNIFICANTLY SHORTEN THE TIME NECESSARY TO OBTAIN OUR OBJECTIVES IN TARIFFS, FEW ARE SANGUINE THAT STIFF MULTILATERAL RULES WOULD HAVE THIS EFFECT.

2. LITTLE OBJECTION HAS BEEN RAISED, HOWEVER, TO CONTINUING THE PRACTICE OF CONDUCTING A MULTILATERAL CONFRONTATION AND JUSTIFICATION (C AND J) OF EXCEPTIONS. THE KR C AND J (FORMULA PARTICIPANTS) LASTED THREE CONSECUTIVE WORKING WEEKS. LATER, AN ADDITIONAL ONE WORKING WEEK WAS GIVEN OVER TO LDC CONFRONTATION OF DC EXCEPTIONS. NOTHING SUBSTANTIVE

SEEMS TO HAVE BEEN GAINED BY THIS EXERCISE, BUT THE PSYCHOLOGICAL IMPACT OF DISCONTINUING THE PRACTICE IN THIS ROUND SEEMS TO OUTWEIGH THE POSSIBLE LOSS OF FOUR WORKING WEEKS OR SO. WE WANT TO MOVE EXTREMELY QUICKLY INTO BILATERAL BARGAINING, BUT NOT AT THE RISK OF GIVING THE IMPRESSION THAT THE UNITED STATES IS TAKING AN "ANYTHING GOES" APPROACH TO DEVELOPMENT OF ITS EXCEPTIONS LIST.

3. ON THE MATTER OF AN INTERNATIONALLY-AGREED
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STANDARD FOR "ECONOMIC" EXCEPTIONS, MOST FEEL ANY STANDARD SHOULD BE PURPOSEFULLY AMBIGUOUS. TOO SPECIFIC OR STRICT A STANDARD MIGHT CREATE A SITUATION IN WHICH AN INTERAGENCY DECISION TO PUT A PRODUCT ON THE EXCEPTIONS LIST COULD BE SEEN AS TANTAMOUNT TO AN ASSURED FINDING OF SERIOUS INJURY, THEREBY INVITING PETITION FOR AN EXEMPTION CLAUSE ACTION UNDER THE TRADE ACT OR OTHERWISE IMPAIRING OUR ABILITY TO ADD SUCH ITEMS TO OUR OFFER LATER IF CIRCUMSTANCES WARRANT. ACCORDINGLY, CRITERIA FOR "ECONOMIC EXCEPTIONS" SHOULD ADD UP TO SOMETHING AKIN TO A FINDING THAT THE DOMESTIC INDUSTRY IS "EXCEPTIONALLY IMPORTANT AND SENSITIVE" AT THIS TIME, RATHER THAN CONCEPTS APPROXIMATING WHAT APPEARS IN SECTION 201 OF THE TA.

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E. EXCEPTIONS AND THE NEGOTIATIONS ON AGRICULTURE.

1. BECAUSE THE CHOICE OF AN EXCEPTIONS STRATEGY DIRECTLY AFFECTS PLANNING FOR THE BILATERAL PHASE OF THE NEGOTIATIONS, IT HAS BEEN SUGGESTED THAT THE U.S. STRATEGY SHOULD HELP TO HASTEN EYEBALL-TO-EYEBALL HORSETRADING FOR AGRICULTURAL CONCESSIONS, BOTH TARIFF AND NONTARIFF. AN INDEFINITE OFFER APPROACH WOULD APPEAR TO BE CONSISTENT WITH THAT OBJECTIVE. UNDER THIS APPROACH, THE UNITED STATES COULD CHOOSE TO IGNORE THE STATED UNWILLINGNESS OF THE EC AND JAPAN TO APPLY THE TARIFF FORMULA TO AGRICULTURE SINCE WE WOULD HAVE THE OPTION OF PUTTING A POSITIVE LIST OF AGRICULTURAL OFFERS IN THE "GRAY" AREA, RATHER THAN FOLLOWING THE EC AND JAPAN BY MAKING NO OFFER ON AGRICULTURAL TARIFFS. FURTHER, "GRAY" ITEMS IN THE INDUSTRIAL OFFER COULD BE HELD HOSTAGE FOR POSITIVE RESPONSES TO OUR REQUESTS ON AGRICULTURAL MEASURES.

2. ON THE OTHER HAND, THERE IS AGREEMENT THAT A REVISED OFFER SCENARIO WOULD MAKE IT HARDER TO GET AROUND THE IMPASSE CAUSED BY THE EC AND JAPANESE
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POSITIONS ON LIBERALIZATION OF AGRICULTURAL TARIFFS.

F. LINKAGE BETWEEN NTM NEGOTIATIONS AND TARIFF EXCEPTIONS.

1. PROPONENTS OF THE INDEFINITE OFFERS APPROACH USUALLY RECOMMEND THAT "GRAY" ITEMS MIGHT INCLUDE SOME WHICH WE MAY WISH TO USE TO PRY LOOSE PRODUCT-SPECIFIC NTM CONCESSIONS, I.E., A DIRECT NTM-TARIFF TRADE-OFF. THIS WOULD NOT REQUIRE, HOWEVER, EXPLICITLY CONDITIONING AN OFFER ON SPECIFIC U.S. TARIFFS TO ACTION ON SPECIFIC FOREIGN NTMS. RATHER, THE UNITED STATES SHOULD KEEP OPEN THE OPTION OF RELEASING "GRAY ITEMS" THAT WOULD OTHERWISE HAVE BEEN PRECLUDED FROM LIBERALIZATION IF AN EXPLICIT CONDITION HAD BEEN STATED AND GONE UNFULFILLED.

2. THE DELEGATION ALSO CAUTIONS AGAINST OVER-EMPHASIZING THE LINKAGE BETWEEN PROGRESS ON NTM CODES AND THE U.S. TARIFF OFFER. THE TARIFF NEGOTIATIONS ARE A VEHICLE THAT CAN CARRY JUST SO MUCH WEIGHT. TO PRECLUDE REACHING A BALANCED TARIFF PACKAGE IN THE HOPE OF CATALYZING A POSITIVE OUTCOME ON GENERAL NTM SOLUTIONS MAY BE OVERLOADING THE TARIFF ASPECT OF THE NEGOTIATIONS, CAUSING NEGOTIATING IMPASSES THAT MIGHT BE UNNECESSARY.

G. PRIOR CONSULTATION WITH TRADING PARTNERS.

1. IT WAS INITIALLY THE DELEGATION'S SUGGESTION THAT TABLING OF AN INDEFINITE OFFERS LIST BY THE UNITED STATES MIGHT BE DISCUSSED IN ADVANCE WITH OUR TRADING PARTNERS. THIS IDEA WAS EXPANDED UPON BY THE SUGGESTION THAT THE BIG FOUR SHOULD HAVE AN UNDERSTANDING BEFOREHAND ON THE APPROXIMATE MAGNITUDE OF EXCEPTIONS LISTS OR "GRAY LISTS". WE STILL FEEL STRONGLY THAT THE INDEFINITE OFFERS APPROACH SHOULDN'T BE SPRUNG ON OUR TRADING PARTNERS AT THE TIME OF TABLING OF OUR EXCEPTIONS LIST. LEGITIMATE ACCUSATIONS OF "BAD FAITH" WON'T MAKE LIFE EASIER IN THE BILATERAL STAGE. BUT NEITHER SHOULD WE CONFIDENTIAL

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COMMUNICATE OUR INTENT TO FOLLOW THE EXAMPLE SET BY THE EC AND CANADA IN THE KR IN A WAY OR AT A TIME WHICH WILL ENCOURAGE THESE OR OTHER FORMULA PARTICIPANTS TO RESORT TO THIS APPROACH AS A MEANS OF PUTTING OFF DECISIONS AT HOME ON WHAT THEY CAN OR CANNOT OFFER. ESPECIALLY WITH REGARD TO THE EC DECISION-MAKING PROCESS, GIVING A PREMATURE BLESSING TO INDEFINITE OFFERS MAY BE COUNTERPRODUCTIVE OF ELICITING IMPROVED OFFERS QUICKLY ONCE THE BILATERALS BEGIN.

2. ON THE MATTER OF PREVENTING A DISPARITY IN THE MAGNITUDE OF EXCEPTIONS LISTS THROUGH PRIOR CONSULTATION AND AN INFORMAL UNDERSTANDING, WE THINK PRESSING OUR TRADING PARTNERS TO ADOPT A QUANTITATIVE TARGET MAY MAKE IT HARDER TO TRADE-OFF NTM FOR TARIFF CONCESSIONS DURING THE BILATERAL PHASE. TO KEEP THIS OPTION OPEN IT WOULD SEEM THAT A CERTAIN DISPARITY IN THE LENGTH OF LISTS IS TOLERABLE, IF NOT DESIRABLE. WE DO NOT THINK THERE IS A DANGER OF THE BIG FOUR TABLING WIDELY DISPARATE EXCEPTIONS LISTS, PARTICULARLY IF THE UNITED STATES MAKES CLEAR THAT WE WON'T OPEN THE BILATERAL NEGOTIATIONS WITH ANY COUNTRY WHICH ACTS IRRESPONSIBLY IN THE TABLING OF ITS EXCEPTIONS. WALKER

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